

Chapter 2 - Eligibility and Application Requirements

Day care homes can only participate in the CACFP under the auspices of a sponsoring organization. As a sponsoring organization of family day care homes, you accept final administrative and financial responsibility for all day care homes that you sponsor.

Each year, you are required to renew your participation in the CACFP. However, the information provided on certain forms is routinely valid for a longer period. As a result, the State Agency may retain forms from a prior program year. This may reduce the total number of forms that you will be required to submit for future program years.

You are required to submit a certification that information already on file with the State Agency is still current and accurate. It is always the responsibility of the Sponsoring Organization to keep management plan, budget, governing board, etc. current with the State Agency.

If you withdraw from participating in the CACFP at any time, you must submit a comprehensive application for the program year in which you intend to resume participating.

*** Eligibility Requirements**

You are only eligible to participate in the CACFP as a family day care home sponsor if you:

- ensure that the day care homes which you sponsor provide organized, nonresidential child care;
- maintain required records and documents;
- accept final administrative and financial responsibility for the program;
- attend all required day care home sponsor training;
- operate a nonprofit food service program;
- personally manage CACFP operations, i.e., you may not subcontract the management of CACFP operations (refer to Chapter 4, Managing the Program, for additional information related to subcontracting);
- provide adequate supervisory and operational personnel to effectively manage and monitor CACFP operations; and
- restrict your employees from securing additional employment that interferes with their CACFP responsibilities and duties, e.g. scheduling or conflict-of-interest issues.

*** Ineligibility**

You are ineligible to participate in the CACFP as a family day care home sponsor if:

- a member of your governing body, an agent, a consultant, a volunteer, or an employee has engaged in any activity related to the operation of the CACFP, and

that person has been convicted of a fraudulent activity, including cases in which settlement is deferred.

- a member of your governing body, an agent, a consultant, a volunteer, or an employee has entered the facility when children are present, and that person has been convicted of:
 - a felony or misdemeanor classified as an offense against the person or family, or as public indecency; or
 - a felony violation of any statute intended to control the possession or distribution of a substance.
- you begin or continue to sponsor the participation of a day care home provider who, after afforded due process, was terminated for cause, declared seriously deficient by you or any other contractor, and placed on the National Disqualified List.
- your participation in a publicly funded program was ever terminated for violating that program's requirements, and your eligibility to participate in that program has not been reinstated.

A publicly funded program is defined as any program or grant funded by federal, state or local government. You must submit documentation that demonstrates that the program noncompliance was corrected and that your eligibility to participate in that program was reinstated. Your application will not be approved without this documentation.

*** Organizational Structure**

You must be a public institution or a nonprofit, tax-exempt organization to sponsor day care homes in the CACFP.

*** General Business Requirements**

Tax Exemption

You must acquire and maintain tax-exempt status from the U.S. Internal Revenue Service (IRS) either individually or as part of a group ruling. Although the IRS does not require certain organizations (e.g., church organizations) to seek formal determination of tax-exemption, the IRS will issue one upon application. If you acquired tax-exempt status under a group ruling, you must submit proof of your affiliation with the parent organization that was given tax-exempt status.

If the IRS has given you tax-exempt status because you are a public entity or a nonprofit organization, you must submit a:

- formal determination of 501(c)(3) tax-exempt status from the IRS; or
- proof of participation in another federally funded program that requires an IRS determination of tax-exempt status.

If you do not submit this proof of tax-exempt status, your application will be denied. If the IRS revokes your tax-exempt status, you must notify us immediately.

*** Duns Numbers**

Non-federal agencies and organizations (including all Child Nutrition Program Sponsors) that do business (receive Federal funds) with the Federal government must use the Dun and Bradstreet Data Universal Numbering System (DUNS) as their identifier. The DUNS number will not replace the Federal Employer Identification Number (FEIN), but will become an identifier for a non-federal entity to apply for funding under a Federal assistance program.

The DUNS number is a nine-digit number issued by Dun & Bradstreet to each business located in the Dun & Bradstreet database having a unique, separate, and distinct operation. The DUNS number is random and the digits have no apparent significance. It is a tool of the federal government to track how federal money is distributed.

To obtain a DUNS number, free of charge, call Dun & Bradstreet using the toll-free number, **1-866-705-5711** and indicate that you are a Federal grant applicant/prospective applicant. You can also request a DUNS number on-line by accessing the following website at: <http://fedgov.dnb.com/webform>. Organizations should request their numbers as soon as possible.

You will need to provide the following information:

- Legal Name
- Trade style, Doing Business As (DBA), or other name by which your organization is commonly recognized
- Physical Address, City, State and Zip Code
- Mailing Address (if separate)
- Telephone Number
- Contact Name
- SIC Code (Line of Business)
- Number of Employees at your location
- Headquarters name and address (if there is a reporting relationship to a parent corporate entity)
- Is this a home-based business?

Organizations applying for participation in any of the Child Nutrition Programs must obtain and provide their DUNS number to the Indiana Department of Education with their application for participation.

*** Secretary of State**

Organizations participating in any Child Nutrition Program must be registered with the Indiana Secretary of State. This ensures you are authorized to conduct business in Indiana and can receive payment.

*** Training Requirements****Sponsor Training**

There are mandatory training requirements for potential institutions in the CACFP. Prior to receiving an application to participate, potential contractors must attend program training. Although the CACFP does not have an established annual training requirement for current sponsors, a representative of your organization may be required to complete additional training sessions to maintain your eligibility to participate in the CACFP.

A representative of your organization must complete CACFP New Sponsor Training before you receive a CACFP application package. The training includes an overview of key CACFP requirements and is held periodically throughout the program year. After notifying the State Agency that you wish to participate in the CACFP, you will be informed of the next available training session.

If your representative fails to complete the entire training session you will not be allowed to apply to participate in the program. However, a representative of your organization may enroll in the next regularly scheduled CACFP New Sponsor Workshop.

Note: If you previously participated in the CACFP, but withdrew for any reason, a representative of your organization must complete a CACFP New Sponsor Workshop session prior to resuming your participation in the CACFP.

After your CACFP application is approved, we may require that a representative of your organization attend one or more mandatory training sessions during each program year.

Provider Training Each year, you are required to train the providers whom you sponsor. Family day care home providers are required to receive 6 hours of annual training covering CACFP.

*** Financial Management****Comprehensive Financial Statement**

You are required to submit a comprehensive financial statement showing all expenditures by and sources of income to your organization as a whole during the year preceding the program year for which you are applying to participate. The financial

statement must include all assets owed or paid to your organization and all liabilities for which your organization is responsible. If you participate as a nonprofit organization under an IRS group ruling, your comprehensive financial statement will only include your expenses and income, i.e., it will not include your parent organization's expenses and income.

If you have fewer than three years of administrative and financial history, you must submit a comprehensive financial statement showing all of your organization's expenditures and sources of income from the date your organization was established and provide a projection for the years for which the information is not available.

Example: If your organization has operated for one year, you must submit evidence showing all actual expenditures and income sources for that year and a projection of expenditures and income sources for the next two years. If your organization is just beginning its operations, you must submit a statement projecting all expenditures and income sources for the next three years.

Function-Based Budgeting

At a minimum, your budget must demonstrate that program functions, including training, monitoring, financial management, and recordkeeping/reporting, are funded by program monies or provided without cost to the CACFP. If a function is provided without cost to the CACFP, you must identify the source and amount of funds or non-cash resources that are dedicated to the required function.

You must record an amount for each line item identified on the CACFP Application Budget page. You must justify in writing any line item that remains blank or indicates zero cost. Your justification must include the source and amount of funds or non-cash resources that are dedicated to the required function.

Example: If a volunteer performs a required program function, you must provide the volunteer's name and the number of hours that she will work. Additionally, you must document program costs that are incurred on her behalf, e.g., program-related training.

If an individual performs multiple program functions, you must report the portion of the individual's salary to each function by type and number of hours spent in each one.

Example: Your executive director also serves as a monitor. Your budget must show how many hours are spent performing each activity and the hourly wage allocated for each function

Nonprofit Food Service

All participating institutions must operate a nonprofit food service principally for the benefit of enrolled participants and maintain records documenting the operation of that

food service. Independent centers, sponsors of day care homes and sponsors of centers must meet this requirement.

*** Performance Standards and Accountability**

USDA Performance Standards

VCA is the acronym for Viability, Capability, and Accountability, which are required by Federal Regulations for all new and participating sponsoring organizations.

- Financial Viability: All institutions must have adequate resources to operate the Program, and must document their viability through audits and/or financial statements, and must submit budgets in which costs are reasonable, necessary, and allowable. Sponsors must establish a need for their services, and use appropriate recruiting practices.
- Administrative Capability: All institutions must have adequate staff to perform Program responsibilities. Sponsors must meet the monitoring staffing standards required by law.
- Accountability Controls: All nonprofit institutions must have adequate oversight by a Board of Directors. All institutions must have financial management systems in place and appropriate recordkeeping practices. Sponsors must ensure facility compliance with regulatory requirements.

IRS-Based Performance Standards

You must perform according to U.S. Internal Revenue Service (IRS) standards for nonprofit organizations. The State Agency frequently looks at the most recent IRS Form 990, Return of Organization Exempt from Income Tax, submitted to the IRS.

Additionally, you must provide a written statement to IDOE, signed by an authorized representative, certifying that you operate according to the following standards:

- the majority (i.e., 50 percent plus one) of your governing body must be composed of members of the community who are not related parties or financially interested (i.e. not employees of the organization or a sponsored provider) in your organization's activities;
- members of your governing body may not vote on decisions associated with their own compensation or that of a related party;
- decisions about compensation of employees and other parties providing services to the organization must be made by your governing body; and
- no person receiving compensation for services under CACFP may receive compensation for services from any other sponsoring organization.

Governing Body Awareness

According to Federal Regulations at 7 CFR 226.2, *Independent governing board of directors means, in the case of a nonprofit organization, or in the case of a for-profit institution required to have a board of directors, a governing board which meets regularly and has the authority to hire and fire the institution's executive director.*

You must submit documentation that your governing body is aware of the responsibilities and liabilities of participating in the CACFP. Acceptable documentation includes, but is not limited to, a:

- copy of the minutes taken at an official meeting of your governing body that documents its decision to participate in the CACFP; or
- written declaration by the chief officer of your governing body that states it is aware of the program responsibilities and liabilities.

You must maintain and submit, upon request, a list of governing body members with the following information for each member:

- full legal name;
- complete mailing address;
- relationship with any other member or employee of the organization; and
- compensation, if any, that they receive for services provided to the organization.

You must maintain and submit, upon request, the minutes of governing body meetings. The minutes must include the:

- date of the meeting;
- items discussed, including action taken on each;
- names of all governing body members who were present; and
- names of all governing body members who voted on the action items.

***Administrative Requirements**

Primary Business Office

You must provide a complete physical address of the primary business office where you will maintain all current program records and where you will perform all essential program management functions, such as review and approval of menus/meal counts and processing payment of claims for reimbursement. You must notify us in advance if you intend to change the location of your primary business office.

You may conduct program management functions at other locations, but you must maintain all current program records at your primary business office. These records must be available for review from 8:00 a.m. to 5:00 p.m., Monday through Friday.

You must also be available by telephone to your providers and the State Agency at your primary business office. This means that:

- a representative of your organization can be contacted at your primary business office from 8:00 a.m. to 5:00 p.m., Monday through Friday; or
- you provide a voice mail service and contact, within 24 clock hours, a provider or State Agency staff member who has left a voice mail message.

Example: You receive a message at 2:00 p.m. on Thursday. You must contact the caller by 2:00 p.m. on Friday, the next normal business day. If the message is received at 2:00 p.m. on Friday, you must contact the caller by 2:00 p.m. on the following Monday, the next normal business day.

A secondary business office may be located in a commercial facility or an employee's home, but must be used to conduct CACFP program management functions such as:

- monitoring providers;
- providing technical assistance to providers; or
- training providers.

You must also be available by telephone to your providers and State Agency at your secondary business office. This means that:

- a representative of your organization can be contacted at your secondary business office from 8:00 a.m. to 5:00 p.m., Monday through Friday; or
- you provide a voice mail service and contact, within 24 clock hours, a provider or SNP staff member who has left a voice mail message.

You must notify us in advance if you intend to establish, change the location of, or close a secondary business office.

Provider Appeal Procedures

Providers must be allowed to appeal any adverse action that you take which negatively affects their participation in the program. You must develop and submit to IDOE the appeal procedures for your providers.

Each appeal must be heard by independent and impartial officials. If you participate in activities other than the CACFP, you may designate staff within your organization to hear a provider appeal. However, no individual who might potentially be affected by an appeal decision may hear the appeal. If you do not participate in activities other than the CACFP, you must identify an individual or organization outside of your organization to hear the appeals, e.g., private mediation services, professional organizations.

Example: Providers who participate in the CACFP may not hear appeals. A sponsor cannot hear appeals on behalf of another sponsor.

Applying to Participate

***Getting Started**

During the CACFP New Sponsor Training, you will receive a CNP (Child Nutrition Programs) contract. You must complete and return the Agreement to the State Agency along with other core documents. You will provide information about your organization and your plan to manage program operations. You cannot hire an outside source to complete the application on your behalf. The State Agency staff can answer questions and provide technical assistance as you complete the application.

You should notify us immediately if your mailing address changes. This will ensure prompt delivery of the application and other program information. Delays in the application approval process could result in a loss of benefits. We will not issue any payment or reimbursement prior to CACFP program approval.

If you submit an incomplete or incorrect application we will request in writing that you submit the information needed to complete the application. You will be given 30 days to submit the information. This due date cannot be extended. If you do not submit all of the required information within 30 days of the date on your notification letter, your application will be denied. However, you may reapply at any time.

Upon approval, you will receive copies of the approved application forms, the agreement, and other documents that you will need to operate the program.

You may operate similar facilities such as day care homes, child care centers, and adult care centers in the CACFP at any one time. However, you will have a single contract that includes all programs that you administer but a separate application for each type of facility.

Example: If your organization sponsors both day care homes and child care centers, you will have one contract for the CACFP, but two separate applications and management plans: one for day care homes and one for child care centers

Developing a Management Plan

An important part of the application is your management plan. It must provide detailed information about your administrative structure, including:

- an organizational chart with the names and functions of all officers, agents, consultants, volunteers, and employees involved in any aspect of the CACFP;
- staff assigned to CACFP management and monitoring; and
- how you will:
 - administer the CACFP;
 - recruit and manage additional facilities (if you plan to do so);
 - pay the providers whom you sponsor;

- collect information from your providers;
- train administrative staff and providers;
- review the operation of the CACFP in your providers' day care homes; and
- comply with nondiscrimination laws

Your management plan is one source we use to determine your ability to manage the CACFP in day care homes. We also use the management plan to determine how many day care homes you will be approved to sponsor.

Based on your approved management plan, we may limit the number of providers whom you may sponsor. The following factors may affect this decision:

- whether you are a new contractor;
- whether your management plan demonstrates that you can only manage a limited number of providers; or
- whether you operate the program in a manner suggesting that you can only manage a limited number of homes.

If we limit the number of providers whom you may sponsor, any adjustment to this limit must be approved by us in writing before you sponsor providers above the cap.

Preparing a Budget

We determine the limits of a reasonable budget based on the size of the program, the duties of personnel, and the economic conditions in the community. We may limit salaries, overhead, or other administrative charges.

Your budget must include estimated annual expenses for

- salaries;
- employee benefits;
- training;
- travel;
- occupancy;
- contracted services; and
- other administrative expenses, e.g., postage, printing, office supplies.

When you submit the budget, you must base your CACFP budget on one of the following:

- the number of day care homes for continued participation submitted to date for the following program year; or

- a number of providers equal to or fewer than the number of providers currently approved to participate (for the current program year) under your sponsorship.

We will review your budget to ensure that:

- the program will not operate at a deficit; and
- individual line items in the budget are:
 - approved uses of CACFP funds;
 - reasonable; and
 - necessary.

If your budgeted costs exceed your expected reimbursement from the CACFP, you must submit one or more of the following:

- documentation identifying a source and amount of income that will support the additional expense;
- a revised administrative budget showing reduced cost; or
- a statement explaining your plan to fund the additional expense.

If we determine that your budget provides insufficient funds to manage the program or that it includes excessive or unnecessary costs, you will be asked to revise your budget or provide additional information. We will not approve your application without an approved annual budget.

***Day Care Home Operations**

General Information

In addition to the information contained in your management plan and budget, you must submit information about the providers whom you sponsor, including:

- identifying information-name, address, phone number;
- qualifying information-registration/licensure; and
- operational information-meal service types and times, days of operation, number of non-residential children enrolled, and provider's choice for distributing income applications and receiving reimbursement.

Note: You must include the provider's complete address including residence street address or rural route and box number. We will accept post office box numbers only when accompanied by specific street address.

Weekend Care

If you approve a provider to offer weekend care, you must monitor the provider's weekend participation.

***Application**

Licensing

Providers must be licensed or otherwise approved by federal, state, or local authorities. You must enter license information in the CNPweb® for each currently participation family day care home.

Note: Providers who are certified LLEP are eligible to participate, but those who are not licensed or certified are not eligible to participate in the CACFP.

Exception: Providers who participate under the sponsorship of a federal entity, e.g., military installations are not required to be licensed or registered by Indiana FSSA. These providers may be licensed or approved by military authority. If a provider is not licensed or registered by any authority, they must provide certification that they comply with licensing standards.

When a licensed provider changes location but has not been licensed at the new location, the provider is ineligible to participate in the CACFP until the hard copy of the new license has been received. Program regulations require providers to maintain a current license to offer day care services to children.

Nondiscrimination Laws

You must submit information related to your compliance with applicable Civil Rights regulations.

Application/Management Plan Changes

The CNP Contract stipulates that you will perform according to your application, supporting documents, and approved amendments. Therefore, approved changes to your Application, Management Plan, and Budget do not require an amendment to your Contract.

You must revise an application/management plan/budget change whenever any of the following items are altered or modified:

- addresses;
- names;
- authorized representative;
- approved administrative budget; or
- any other item affecting reimbursement.

We must approve all changes to your budget regardless of the effect on the total amount of the budget.

Example: If you want to increase your expenditure on postage and shipping by an additional \$100 per year and reduce your expenditure on program training by \$100 per year, we must approve the proposed changes for each line item (postage and training) in advance even though the total budget would remain unchanged.

We will not approve retroactive budget changes that increase individual budgeted line items or the total budget for any claim month prior to the month in which the request was received. We must have sufficient time to review and approve each request. All budget changes are effective for an entire claim month, i.e., these changes will not be prorated for part of a month.

Renewing Your Application

The CACFP program year corresponds with the federal fiscal year, October 1 - September 30. You will receive a notice regarding program renewal prior to each program year. The notice will include the necessary instructions and a due date by which you must return your application so that it can be reviewed and approved it before the new program year.

You are required to submit an application each year. However, the information provided on certain forms is routinely valid for a longer period. As a result, the State Agency may retain forms from a prior program year, thereby reducing the number of forms that you must submit for additional program years.

You are required to submit a "comprehensive" application once every three years. A comprehensive application includes all of the forms that are relevant to participation in the CACFP. All potential institutions must submit a comprehensive application for the program year in which they intend to begin their participation.

If you withdraw from participating in the CACFP at any time, you must submit a comprehensive application for the program year in which you intend to resume participating.

